

DIRECTOR'S REPORT
JANUARY-FEBRUARY 1984

The 1984-85 Governor's Budget



CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

1020 Twelfth Street, Sacramento, California 95814

Commission Report 84-8

February 1984

The Director's Reports of the California Postsecondary Education Commission are a monthly series of papers about issues affecting colleges and universities in California. Copies are sent to Commissioners and to college and university officials for their information, and are available from the Commission offices at 1020 Twelfth Street, Sacramento, California 95814; telephone (916) 445-7933.

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October-November 1983: Testimony to the Assembly Special Committee on the California Community Colleges, East Los Angeles, October 26, 1983, by Patrick M. Callan; A Prospectus for California Postsecondary Education, 1985-2000.

December 1983: The State's 1983-84 Budget and Public Postsecondary Education; 1982-83 State Legislation

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INTRODUCTION

This Director's Report describes the Governor's Budget for 1984-85, with emphasis on how it would affect the institutions and agencies of postsecondary education.

The extensive discussion of the State's fiscal crisis and alternative revenue and expenditure scenarios that have been necessary in similar Director's Reports of the recent past has been replaced by a more general summary in Part One of the overall expenditure plan in the budget, including an overview of its economic assumptions and policy priorities.

Part Two on pages 11-30 contains an overview of policy directions for higher education in the budget, displays aggregate State funding for the support of current operations of postsecondary agencies and institutions, provides details on the operating and capital outlay budgets of the three public segments and the Student Aid Commission, compares the Governor's proposed funding level to segmental requests, and includes statements on the Governor's proposals from the chief executive officers of the segments.

ONE

HIGHLIGHTS OF THE 1984-85 GOVERNOR'S BUDGET

One year ago, the State of California was faced with a current-year budget deficit of \$1.5 billion, or 7 percent of its total available funds, and came within days of defaulting on its cash obligations and issuing registered warrants ("promises to pay") in lieu of checks. Ultimately, the State avoided defaulting on its obligations through a complex bi-partisan agreement to cut \$750 million from 1982-83 obligations by a series of spending cuts and revenue adjustments and to borrow another \$750 million to be repaid no later than June 30 of this year (see Commission Report 83-7).

As a result, the 1983-84 Budget includes \$521 million in remaining obligations from 1982-83. Through a combination of increased revenues and extraordinary expenditure constraints, the Governor and the Department of Finance are currently estimating that the State will end the 1983-84 fiscal year with a balance of \$205 million, or less than 1 percent of total expenditures. In December, the Commission on State Finance identified three potential expenditure increases in the current year that could reduce this balance, and the State in fact committed itself to the first of these in late January:

- Community College funding (\$96.5 million)
- Lower than estimated collections from SB 813 property tax accelerations (\$100 million)
- State Teachers Retirement Fund lawsuit (\$330 million)

Nonetheless, it appears that by the end of the current fiscal year, the State will have balanced current-year expenditures and revenues for the first time since the passage of Proposition 13 in 1978.

HIGHLIGHTS OF THE BUDGET

As shown in Table 1 on page 4 and Figures 1 and 2 on pp. 5-6, the Governor's Budget projects total State spending from the General Fund and Special Funds to increase \$3.4 billion in 1984-85, or 13.1 percent above the 1983-84 level, while total State General Fund and Special Fund income is expected to increase by over \$4 billion dollars, or nearly 15 percent.

The 1984-85 Governor's Budget clearly reflects the policies of Governor Deukmejian and implements them with funding commitments; but these policy priorities cannot be fully understood without understanding the four philosophical premises with respect to the budgeting process on which this spending plan is based. According to the budget, these premises are that:

- Periodic fiscal crises are not necessary if government plans carefully and lives within its resources.

TABLE 1 State Income and Expenditures in the 1984-85 Governor's Budget Compared to 1983-84

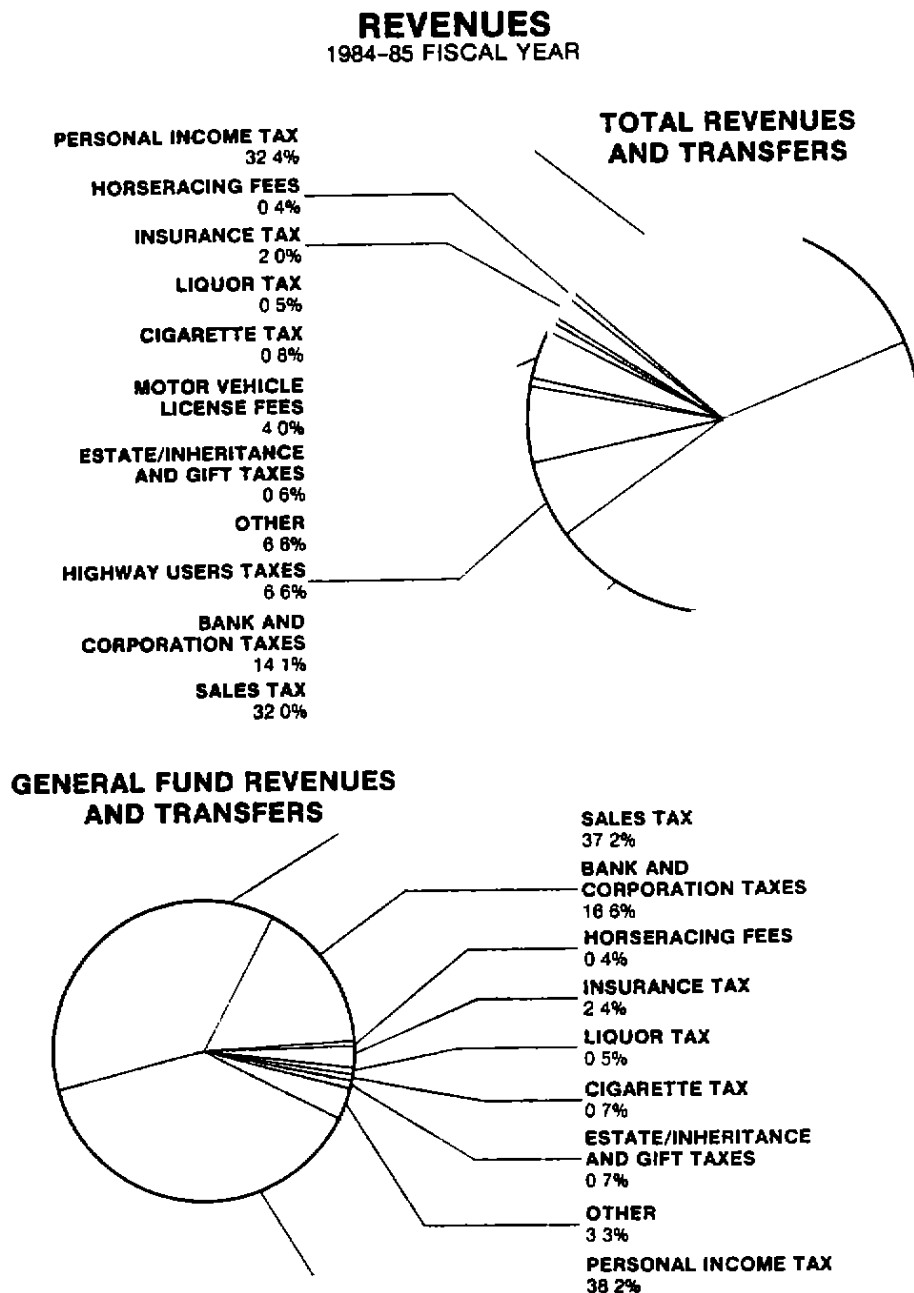
Category	1983-84	Proposed* 1984-85
EXPENDITURES		
State General Funds	\$22,641,162,000	\$25,076,449,000 (+10.8%)
Special Funds**	\$ 3,769,274,000	\$ 4,781,356,000 (+26.9%)
TOTAL, State Expenditures (Excluding Bond Funds)	\$26,410,436,000	\$29,857,805,000 (+13.1%)
INCOME		
State General Funds Prior Year Resources	-\$ 521,298,000	\$ 205,186,000
Revenues and Transfers	\$23,367,646,000	\$25,825,471,000 (+10.5%)
TOTAL, State General Fund Income Available	\$22,845,748,000	\$26,030,657,000 (+13.9%)
Special Funds** Prior Year Resources	\$ 590,954,000	\$ 613,673,000
Revenues and Transfers	\$ 3,791,993,000	\$ 4,618,562,000 (+21.8%)
TOTAL, Special Funds Income Available	\$ 4,382,947,000	\$ 5,232,235,000 (+19.4%)
TOTAL, State Income (Excluding Bond Funds)	\$27,228,695,000	\$ 31,262,892 (+14.8%)

*Expenditure figures shown for 1984-85 do not include \$950 million proposed as a reserve for economic contingencies. Revenues shown for 1984-85 do not take into account approximately \$500 million used in 1983-84 to pay off the remainder of the 1982-83 deficit. That \$500 million will be available to fund current-year expenditures in 1984-85.

**Special Funds are those which are committed for special purposes by the Constitution (such as a portion of the gasoline tax), by statute (such as the tidelands oil revenues), or by providing support for the activity which raises the revenues (such as park fees for the Department of Parks and Recreation).

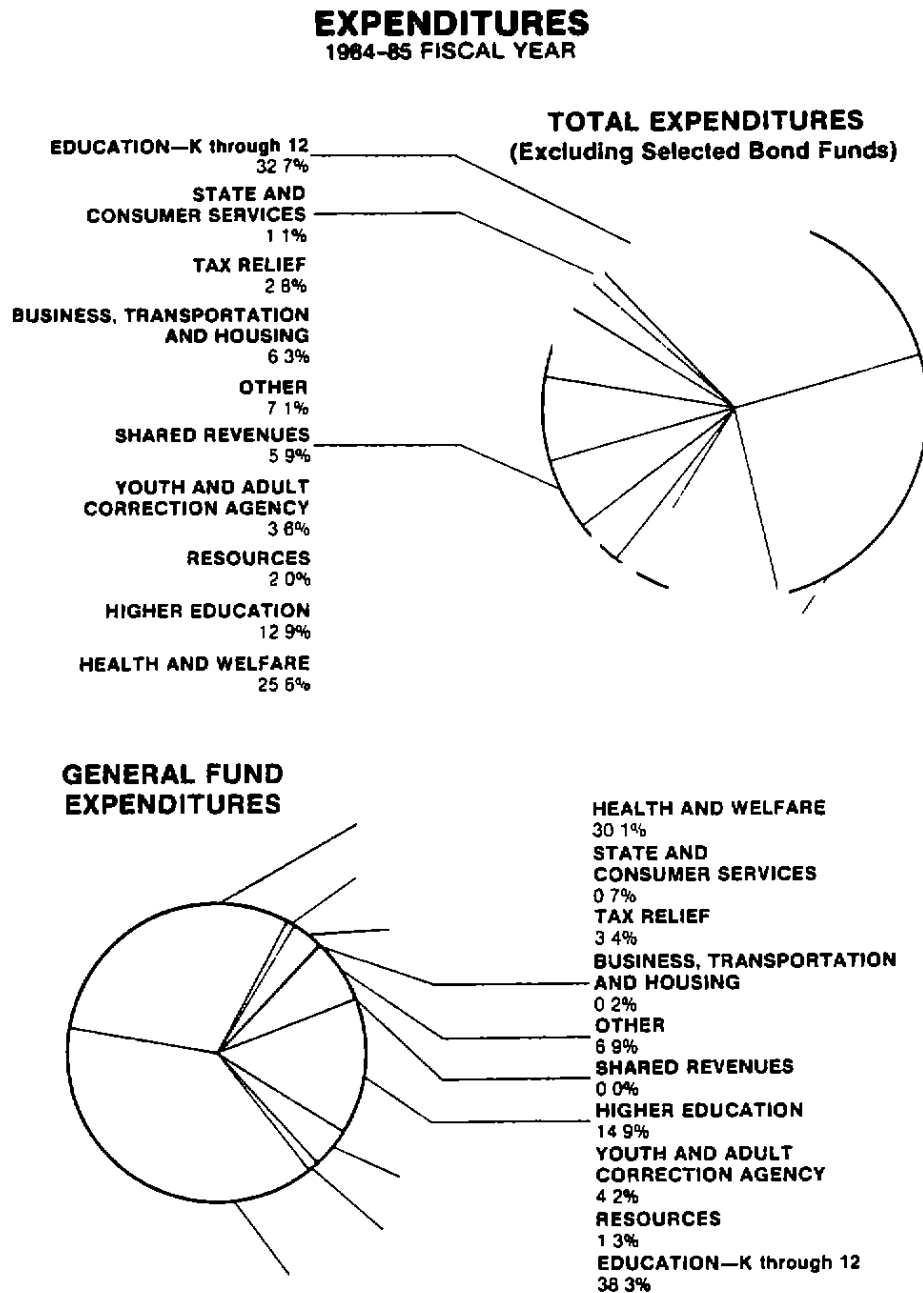
Source: 1984-85 Governor's Budget, p. 77.

FIGURE 1 1984-85 Revenues by Source



Source: 1984-85 Governor's Budget, p. 7

Figure 2 Distribution of 1984-85 Expenditures Among Major Categories



Source: 1984-85 Governor's Budget, p. 6.

- Expenditures should be keyed not to revenues but rather to reasonable limits that can be sustained through recessions by drawing on prudent reserves
- Base programs require ongoing review of their necessity.
- A prudent reserve is essential to fiscal stability.

The budget applies these premises in an effort to (1) cap the growth cycle in government expenditures, (2) avoid tax increases, and (3) establish some stability in State budgeting.

In his State of the State address, the Governor added:

The most important expression of a state's priorities is its budget. We have designed our 1984-85 budget to maximize opportunities for the individual while reducing excessive spending and bureaucracy in government

The Governor's two overriding priorities in this budget are (1) creating a \$950 million emergency reserve fund; and (2) increasing expenditures for all levels of education, including \$900 million for the elementary and secondary schools, and \$643 million for postsecondary institutions and the Student Aid Commission. These two priorities comprise nearly 70 percent of the budget's proposed additional expenditures:

- \$950 million as a reserve for economic contingencies, representing 3.8 percent of General Fund expenditures, "to make sure that never again do we face the humiliating prospect of IOUs"; and
- \$900 million more in State and local funds for K-12 education, representing about \$560 million to fund the second year of reforms called for in the 1983-84 school reform bill (SB 813) and approximately \$340 million for a 3 percent cost-of-living adjustment (less than the 5.5 percent COLA specified in SB 813).
- \$538 million in additional State General Fund support for the University of California and the California State University, including (1) \$18 million to replace revenues lost from proposed reductions in student fees, (2) \$214 million for faculty salaries to achieve parity with each segment's group of national comparison institutions, and (3) \$24 million for high technology-related instruction and research;
- \$536 million to (1) fully fund the State's contribution to the State Teachers Retirement System, and (2) restore the 1983-84 contribution shifted to help balance the 1983-84 State budget;

In the other high priority areas of prisons, law enforcement, economic development, and State employees compensation, the Governor's proposals account for another 15 percent on new expenditures:

- \$95 million in General Funds to complete four new correctional facilities, and, if special legislation is passed, another \$28 million in General

Funds to continue accelerated construction at two other facilities; \$64 million and nearly 1,200 more positions to accommodate the "inmate population capacity crisis" in correctional facilities;

- \$12 million more and 145.5 new positions to provide additional traffic officers for the California Highway Patrol;
- \$9 million above last year's \$8 million budget for the Department of Economic and Business Development including (1) \$2 million to attract new business; and (2) \$5 million to promote tourism; and
- \$445 million for increased compensation (salaries and benefits) for State employees -- a 10 percent average increase if all funds are appropriated to salaries -- plus an overall State workforce reduction of 4,900 due to attrition and retirement

Major budget policy adjustments affecting expenditures include

- Transferring control and responsibility to local government for (1) community-based mental health services, (2) public health outreach programs, (3) family planning, and (4) alcohol and drug programs; and phase in full accreditation of State mental health hospitals; and
- Reducing statutory cost-of-living adjustments for selected categorical programs as follows:
 1. Aid for Families with Dependent Children, from 6 to 2 percent;
 2. SSI/SSP - matching with the federal Social Security programs for the aged, blind, and disabled, from 6 to 2 percent;
 3. General Apportionments for K-12 education, from 5.5 to 3 percent;
 4. K-12 Adult Education, from 6 to 3 percent;
 5. Child Nutrition Programs, from 4.1 to 3 percent; and
 6. Master Plan for Special Education, from 5.9 to 3 percent.

THE BUDGET'S REVENUE ESTIMATES FOR 1984-85

The process of estimating revenues for the budget year is as much an art as a science, with political implications as well as technical problems. Underestimations in the mid- and late-1970s led to the surpluses which helped fuel the tax revolt exemplified by Proposition 13. Overestimations during the recession of the early 1980s (as well as spending more annually than was available from current-year revenues and transfers) contributed significantly to the State's unprecedented fiscal crisis and \$1.5 billion deficit in 1982-83.

Although many private organizations offer projections of State revenues and assessments of State and national economic conditions, State decisions are based on official estimates developed by the Commission on State Finance (COSF) and the State Department of Finance (DOF). Table 2 displays their calendar-year estimates of economic activity for California and the nation, while Table 3 indicates their revenue projections for the 1984-85 fiscal year.

TABLE 2 *Projected Changes in National and State Economic Data and State General Fund Revenue from Previous Calendar Years*

National Economic Data	<u>Commission on State Finance</u>	<u>Department of Finance</u>
Real GNP		
1984	+ 5.4%	+ 5.6%
1985	+ 3.2%	+ 3.2%
Corporate Profits (before taxes)		
1984	+23.0%	+27.3%
1985	+ 6.7%	+16.4%
Personal Income		
1984	+ 8.8%	+ 9.2%
1985	+ 8.1%	+ 8.3%
Consumer Price Index		
1984	+ 4.9%	+ 5.4%
1985	+ 4.8%	+ 5.7%
Unemployment Rate		
1984	8.2%	8.1%
1985	7.9%	7.7%
California Economic Data		
Personal Income		
1984	+10.5%	+ 9.7%
1985	+ 9.5%	+ 8.4%
Taxable Sales		
1984	+13.4%	+12.9%
1985	+ 9.3%	+ 9.0%
Housing Permits		
1984	+ 5.9%	+ 4.9%
1985	- 4.1%	- 8.8%
Unemployment Rate		
1984	8.4%	7.9%
1985	8.3%	7.6%
Revenues from Major State Taxes		
Sales Tax		
1984	+13.2%	+12.0%
1985	+11.1%	+11.4%
Personal Income Tax		
1984	+17.9%	+16.0%
1985	+10.9%	+10.2%
Bank and Corporation Tax		
1984	+28.9%	+27.8%
1985	+12.9%	+32.4%

Source: Commission on State Finance, Quarterly General Fund Forecast, December 1983, pp. 24, A 1. Governor's Budget, pp. 59, 61, 62, 63, 72, 77.

In general, these agencies' projections of economic activity and tax revenues are similar. DOF is somewhat more optimistic about the national economic outlook, while the opposite is true at the State level. With exception of a substantial difference in the projected change in corporate profits and corporation tax collections, DOF and COSF estimates of General Fund revenues and transfers are very close, with barely a \$200 million difference in estimated revenues for 1983-84, and less than \$100 million separating the revenue estimates in 1984-85. In both cases, these differences are less than 1 percent.

The Governor's Budget revenue estimates are based on the "standard" economic forecasts for the nation and the State, which assume that 1984 "should be a year of good economic gains" and that 1985 will see a leveling off of this growth. Key assumptions to these standard forecasts are (1) stabilization of inflation at between 5.5 and 6.0 percent, (2) unemployment at or below 8 percent, (3) stability of monetary policies and interest rates, and (4) no extraordinary events in the national or international economy.

TABLE 3 *Projections of Total State General Fund Revenues, Fiscal Years 1983-84 and 1984-85, in Thousands*

(Fiscal Year)	Commission on State Finance	Department of Finance
1983-84	\$23,571,000	\$23,367,646
1984-85	\$25,731,000	\$25,825,471
Change from 1983-84 to 1984-85	(+9.2%)	(+10.5%)

Source: Commission on State Finance, Quarterly General Fund Forecast, December 1983, pp. 24, A 1; 1984-85 Governor's Budget, pp. 59, 61, 62, 63, 72, 77.

TWO

POSTSECONDARY EDUCATION IN THE 1984-85 GOVERNOR'S BUDGET

The 1984-85 Governor's Budget exhibits an attention to the needs of California's public universities not seen since pre-Proposition 13 years. Its funding levels seek to redress the neglect of recent years and provide a basis for long-term revitalization of California's institutions of higher education. The administration's highest priorities in 1984-85 are expressed in a commitment to: (1) supporting emerging technologies, (2) preventing further erosion of the capital plant, and (3) raising faculty salaries. The budget also calls for fee reductions and increased General Fund support of student financial aid.

Support for Emerging Technologies The budget identifies higher education as an essential element in attracting and developing business and industry to ensure California's economic success in the remainder of the 1980s. To this end, it allocates considerable sums to the University of California and the State University for computer-related instructional support, replacement of obsolete and the purchase of new state-of-the-art instructional equipment, increased technical staffing, and support for research in new technologies.

Maintaining Facilities: To stem the erosion of the physical plant, the budget supports segmental requests to systematically reduce deferred maintenance backlogs over a number of years and to provide increased funding for current maintenance needs. In addition, it:

- allocates \$265 million for planning and construction of 42 new higher educational facilities;
- proposes alternative financing for the construction of science and high-technology facilities through the issuance of State-backed revenue bonds; and
- earmarks Capital Outlay Fund for Higher Education (COFPHF) support for facilities improvement, updating, and expansion rather than to pay current operating costs related to plant maintenance and equipment replacement, which will be financed instead by State General Funds.

Faculty Salaries: At both the University of California and the California State University, the budget funds the projected 1984-85 average faculty salary lags of 13 percent and 10 percent between them and their comparison institutions. It provides salary and benefit increases for non-academic staff comparable to those for all State employees -- up to 10 percent. The final distribution of salary increase funds among both academic and non-academic staff will be determined by each segment. For those employee groups which have elected to be represented by unions, collective bargaining will determine the final decisions on the amount of salary and benefit increases.

Fees and Financial Aid: Recent precipitous increases in fees, combined with rising inflation and the lack of sufficient financial aid to offset their impact for students with financial need, has greatly increased the financial burdens of California's students. This budget

- provides a reduction in fees at the University of California and the California State University,
- commits the State to assume over time the funding of financial aid programs presently supported through student fees,
- provides State General Funds for financial aid to offset fee increases,
- proposes that the \$100 fee per student per year at the Community Colleges be accompanied by \$10 million in financial aid (increased to \$15 million in recent legislative action on Community College fees), and
- provides increases in the number and maximum amount of awards under the Cal Grant and other financial aid programs administered by the Student Aid Commission to allow students at independent and proprietary institutions as well as those at the public segments to increase their educational opportunities.

1984-85 LEVELS OF SUPPORT FOR POSTSECONDARY EDUCATION

As indicated in Table 4 on the next page, funding for all agencies and institutions of postsecondary education in the Governor's Budget totals \$4.37 billion, up 18.9 percent from the \$3.67 billion available in 1983-84. Postsecondary education's share of total General Fund expenditures is 14.9 percent, compared to 14.4 percent in the 1983-84 budget. Spending for Community Colleges shows an overall increase of 10.4 percent above the Governor's proposed level of 1983-84 funding primarily because of increases in local revenues and new student fee revenues. With the adoption of the Community College fee and financing compromise in late January, the 1984-85 funding proposal represents only a 6.8 percent increase over 1983-84. A substantial percentage of the spending increases at the University of California and the California State University are devoted to salary increases; full-year (12 month) funding of employee compensation agreements made in 1983-84 but only funded for six months; and funding for price increases and inflation not funded at all in 1983-84. As detailed in the sections below, the budget also responds to many of the segments' requests for program improvements and program changes.

TABLE 4 *Summary of All State Funds and Property Tax Revenues for the Support of Current Operations to the Institutions of Postsecondary Education in the Governor's Budget, 1984-85*

Segment and Source of Funding	1983-84 Current Budget	1984-85 Governor's Budget
University of California	\$1,110,012,000	\$1,446,673,000 (+30.3%)
California State University	\$ 947,995,000	\$1,149,014,000 (+21.2%)
California Community College Districts		
State General Funds	\$ 973,400,000	\$ 962,300,000
Property Tax Revenues	\$ 392,000,000	\$ 450,000,000
Total	\$1,365,400,000	\$1,507,300,000 (10.4%)
Student Aid Commission	\$ 81,007,000	\$ 90,316,000 (+11.4%)
TOTALS, Three Public Segments and the Student Aid Commission	\$3,504,414,000	\$4,193,303,000
Other Agencies and Institutions of Postsecondary Education	\$ 173,104,000	\$ 180,875,000
TOTALS, All Agencies and Institu- tions of Postsecondary Education	\$3,677,518,000	\$4,374,178,000

Note: The totals for the University of California and the California State University include employee compensation totals for 1983-84 and 1984-85. Community College State General Funds in 1983-84 include only the proposed \$50 million spring semester augmentation and not the recent augmentation of \$96.5 million. The 1984-85 total for that segment continues that augmentation and assumes \$95 million in additional revenues from student fees.

Source: 1984-85 Governor's Budget.

UNIVERSITY OF CALIFORNIA

Support for Current Operations

The Governor's Budget proposes total General Fund expenditures of \$1.4 billion for the University of California, representing an increase of \$337 million, or 30.3 percent over the 1983-84 funding level of \$1.1 billion (Table 5). Of the University's total requested increase of \$357 million for operating budget increases for 1984-85, \$325 million, or 91 percent, is provided for in the Governor's Budget (Table 6).

Employee Compensation: The proposed budget increase of \$114 million for salaries and benefits represents a total average State-funded increase for faculty of 13 percent, to be provided in two increments. The first, a 9 percent increase, will be effective on July 1, 1984, with the remaining 4 percent coming on January 1, 1985. The 13 percent increase provided in the Governor's Budget combined with salary actions taken by the University in 1983-84 will be sufficient to bring average faculty salary levels in line with those of comparable institutions nationally as computed by the Commission in its Preliminary Report on Faculty Salaries, 1984-85. The amount budgeted will also allow all non-academic employees up to 10 percent in salary and benefit increases for 1984-85.

TABLE 5 University of California Support for Current Operations

State Fund	1983-84 Current Budget	1984-85 Governor's Budget
MAJOR SOURCE		
State General Funds	\$1,110,012,000	\$1,446,673,000
Capital Outlay Fund for Public Higher Education	\$ 12,729,000	-0- ^a
Energy and Resources Fund	\$ 635,000	-0-
Other Funds	\$ 1,216,000	\$ 1,040,000
TOTAL, Major Sources of State Support for University Programs	\$1,124,592,000	\$1,447,713,000 (+30%)

- a. Support for Current Operations formerly provided by the COFPHE and ERF funds is now being funded through General Funds. Thus the State General Fund totals for 1984-85 reflect an increase of \$13.4 million previously supported by COFPHE and ERF funds.

Source: 1984-85 Governor's Budget.

TABLE 6 University of California Requested Budget and Proposed Governor's Budget for 1984-85, State Funds Only, in Thousands

Budget Programs	1984-85 Regents' Request	1984-85 Governor's Budget	Difference
FACULTY AND STAFF SALARY AND BENEFITS			
Continuation of 1983-84 Compensation Agreement	\$ 30,500	\$ 30,500	-0-
13 Percent Faculty and 10 Percent Staff Compensation Increases for 1984-85	\$113,700	\$113,700	-0-
Resumption of the State Actuarially Required Contribution to the UC Retirement System	\$ 82,900	\$ 82,900	-0-
Fixed Costs: Including Merit Salary Increases, Price Increases, and Employee Benefits	\$ 66,000	\$ 50,000	-\$16,000
Workload Increases: Including Undergraduate Enrollment Increases, Library Staffing, and Drew Medical Program and Operation and Maintenance of Plant	\$ 11,600	\$ 11,600	-0-
PROGRAM IMPROVEMENTS			
Graduate Enrollment Increase	\$ 1,200	\$ 600	-\$ 600
Teaching Assistants	\$ 3,400	-0-	-\$ 3,400
Instructional Equipment Replacement	\$ 22,400	\$ 12,300	-\$10,100
Replace Student Fee, Student Affirmative Action, and EOP Financial Aid programs	\$ 6,969	\$ 6,969	-0-
Deferred Maintenance	\$ 6,500	\$ 6,500	-0-
Plant Operation and Maintenance	\$ 5,000	\$ 4,000	-\$ 1,000
Research	\$ 3,500	\$ 2,500	-\$ 1,000
Instructional Use of Computers	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>-0-</u>
TOTAL, Requested Budget Increases and Governor's Budget Allocations	\$357,069	\$324,969	-\$33,000
<u>CAPITAL OUTLAY</u>			
Capital Outlay Fund for Higher Education (COFPE)	\$ 59,700	\$ 55,300	-\$ 4,400
High Technology Education Revenue Bond Fund	<u>\$ 58,100</u>	<u>\$ 58,100</u>	<u>-0-</u>
TOTAL, 1984-85 Budget Increases	\$117,800	\$113,400	-\$ 4,400

Source: University of California 1984-85 budget documents and 1984-85 Governor's Budget.

Instructional Program: Included in funding for instructional program improvements is:

- \$12 million for the replacement of obsolete instructional equipment and for purchase of new equipment in the fields of science and new technologies;
- \$4 million for computer instructional support, software development, and expanded access to computer time for students;
- \$2 million for the microelectronics research program; and
- \$500,000 for augmentation of faculty research.

Deferred Maintenance: An additional \$10.5 million over 1983-84 levels is provided for deferred maintenance at the University. Of this total, \$6.5 is intended to reduce accumulated backlogs (estimated at over \$50 million), with \$4 million provided for the initial phase of an ongoing plan for the adequate funding of deferred maintenance requirements.

Educational Fee: The budget calls for a reduction in the Educational Fee of \$70 per student and instead substitutes \$7 million in State General Funds to buy out student fee support of the Student Affirmative Action Program (\$1.5 million) and Education Opportunity Program financial aid (\$5.5 million). A \$500,000 augmentation is provided to expand the Graduate and Professional Student Affirmative Action Program, while the University has agreed to provide \$500,000 from non-State funds for Faculty Affirmative Action.

Other Actions: The budget also includes \$30.5 million to fund the full-year costs of employee compensation agreements funded for only six months in 1983-84, plus \$50 million for fixed costs and economic factors which were not funded at all in the 1983-84 budget -- including a general price increase (\$16 million), library price increases (\$5 million), utilities price increases (\$6 million), merit salary increases (\$20 million), and increased employee benefits (\$4 million).

Additional program augmentations include \$525,000 for health science instruction in the Charles R. Drew/UCLA medical education program and \$559,000 for 21 FTE reference-circulation library staff to meet enrollment-related workload increases. Support at last year's levels is provided for space-related research, integrated pest management, Undergraduate Teaching Excellence, and AIDS research.

Capital Outlay

As shown in Table 7, the budget's total capital outlay expenditures of \$113 million for the University are derived from two sources: \$55 million from the Capital Outlay Fund for Higher Education (COFPHE), whose revenues originate in the State income from tideland oil revenues, and \$58 million from the sale of high-technology revenue bonds authorized by SB 1067 (Petris, Chapter 1268-83). Capital outlay funding under this legislation is also available in the current year, and it is expected that \$42 million will be spent this year for the Food and Agricultural Sciences building at the Davis

campus. Capital outlay expenditures in 1984-85 will finance the Life Sciences Building addition at Berkeley, the Southern Regional Library facility at UCLA, and Engineering Unit 2 at Santa Barbara.

*TABLE 7 University of California Capital Outlay, 1984-85,
State Funds Only*

Major Sources of Funds	1984-85 Governor's Budget
Capital Outlay Fund for Public Higher Education	\$ 55,260,000
High Technology Education Revenue Bond Fund	\$ 58,145,000
TOTAL	\$113,405,000

Source: 1984-85 Governor's Budget.

University Response to the 1984-85 Governor's Budget

University President David P. Gardner described the Governor's Budget as

. . . the most positive and encouraging evidence of state support received by the University in nearly two decades. If approved by the Legislature the Governor's budget will be a major turning point in the University's history. The budget does more than just hold the line; it reverses the long period of deterioration that we have been experiencing.

. . .

Governor Deukmejian's expressed desire to assure the excellence of the University, together with the support of the Legislature and the people of the state, means that UC will be more competitive in attracting and retaining the ablest faculty in the country, that the buildings will be restored to a state of decent repair, that its students and faculty will work with state-of-the-art equipment and laboratories, that its library collections will be current--in short--that state support will once again reflect the importance of the University's contribution to California.

THE CALIFORNIA STATE UNIVERSITY

Support for Current Operations

The Governor's Budget proposes total General Fund expenditures of \$1.15 billion for the California State University, an increase of \$201 million, or 21.2 percent over the 1983-84 funding level of \$948 million (Table 8). Major funding increases are provided for employee compensation, replacement of instructional equipment, deferred maintenance, instructional computing, and a reduction in student fees to be offset by General Fund increases. The General Fund increases requested by the State University Trustees (including employee compensation) totaled \$1.21 billion, or an increase of \$264 million above 1983-84 levels. Seventy-six percent of this total request is provided for in the budget (Table 9).

Expenditures for the California State University reflect the first phase in what is described in the Governor's Budget as a "multi-year plan to restore the State University's Budget to a level that ensures the continued excellence of its programs in the future." This plan calls for (1) increased support for instructional equipment, particularly the use of computers; (2) increased support for deferred maintenance and Capital Outlay programs; and (3) greater

TABLE 8 California State University Support for Current Operations

State Fund	1983-84 Current Budget	1984-85 Governor's Budget
MAJOR SOURCES		
State General Fund ^a	\$947,995,000	\$1,149,014,000
Capital Outlay Fund for Public Higher Education	\$ 7,350,000	-0- ^b
TOTAL, Major Sources of State Support for State University Programs	\$955,345,000	\$1,149,014,000 (20.3%)

a. Includes employee compensation for 1983-84 and 1984-85.

b. Support for Current Operations formerly provided by the COFPHE fund is now being provided through General Funds. State General Fund totals will increase by \$7.4 million in 1984-85 as a result of this funding shift.

Source: 1984-85 Governor's Budget.

TABLE 9 *California State University Requested Budget and Proposed Governor's Budget for 1984-85, State Funds Only, in Thousands*

Budget Program	<u>1984-85 Trustees' Request</u>	<u>1984-85 Governor's Budget</u>	<u>Difference</u>
BASE LINE ADJUSTMENTS			
Price Increases	\$ 18,700	\$ 11,600	-\$ 7,100
1983-84 Employee Compensation Agreement	\$ 21,000	\$ 16,600	-\$ 4,400
Cost Increase, Employee Benefits	\$ 4,500	\$ 3,500	-\$ 1,000
Salary Adjustments	<u>\$ 9,800</u>	<u>\$ 9,800</u>	<u>-0-</u>
TOTAL, Base Line Adjustments	\$ 54,000	\$ 41,500	-\$12,500
SELECTED PROGRAM MAINTENANCE AND PROGRAM CHANGE PROPOSALS			
Student Fee Reduction	\$ 25,300	\$ 11,600	-\$13,700
Instructional Equipment Replacement	\$ 12,300	\$ 11,900	-\$ 400
Deferred Maintenance	\$ 10,700	\$ 10,700	-0-
Computing Support	\$ 6,600	\$ 5,000	-\$ 1,600
Employee Compensation, 1984-85	\$ 144,000	\$ 99,000	-\$44,000
Capital Outlay	\$ 30,300	\$ 27,800	-\$ 2,500
Other Budget Augmentation Requests	<u>\$ 8,500</u>	<u>-0-</u>	<u>-\$ 8,500</u>
TOTAL, California State University Budget, All State Funds	\$1,259,500	\$1,176,800	-\$82,700

Sources. 1984-85 Governor's Budget; California State University Status Report on 1984-85 Budget and Capital Outlay Program (January 1984).

employee compensation to "secure a competitive position for the State University in recruiting and retaining faculty."

In keeping with this multi-year approach, the 1984-85 operating Budget provides

- \$9 million in additional funding to replace obsolete instructional equipment and purchasing new equipment;
- \$5 million for expanding instructional computing;
- \$3 million and 170 personnel years for technical staffing;
- \$2 million for supplies and services;
- \$1 million for faculty development of computer skills; and
- \$7 million to begin reduction of a critical \$40 million backlog of deferred maintenance.

Student Fees: Following student fee increases in 1983-84 averaging \$272 per full-time student, the Governor's Budget proposes an annual student fee reduction of \$42 per full-time student. This reduction, expected to be offset by a General Fund increase of \$11.9 million, will: (1) bring State University fee levels into line with limits required by AB 1251 (Moore, Chapter 1014-83), which are based on the recommendations of the Commission in response to ACR 81; and (2) provide full State funding for financial aid grants now supported through student fees.

Employee Compensation: The Governor's proposed employee compensation package of almost \$100 million will provide an average 10 percent increase in salaries and benefits for all State University employees and assure parity in faculty salaries with the State University's comparison institutions -- although it is \$44 million less than the total requested by the Trustees, which would have provided a 14 percent increase. As with the University, it proposes a two-part increase: the first augmentation of 9 percent will be effective July 1, 1984, while the remaining 1 percent will come January 1, 1985. If adopted, the proposal will eliminate the 10 percent lag in average salaries for the State University faculty in 1984-85 projected in the Commission's Preliminary Report on Faculty Salaries, 1984-85.

Retention of 1983-84 Savings: The budget encourages increased management flexibility and savings incentives at the State University by allowing any 1983-84 General Fund savings to be spent in 1984-85 for deferred maintenance and special repairs, and instructional equipment -- an action consistent with previous Commission recommendations.

Capital Outlay

The budget provides nearly \$28 million for the State University capital outlay program (Table 10). Construction funds will be available for conversion and remodeling at individual campuses; systemwide funds will allow for

reducing fire and safety hazards, removing barriers to the handicapped, and supporting energy projects that will result in future utility savings; and planning and working drawing funds will be available for new engineering, mathematics, computer sciences, and agricultural science buildings on three campuses.

TABLE 10 California State University Capital Outlay Program, 1984-85

Major Source of Funds	1984-85 Governor's Budget
Capital Outlay Fund for Public Higher Education	\$27,767,000
Nonstate Funds	\$ 4,060,000
TOTAL, 1984-85	\$31,827,000

Source: Governor's Budget, 1984-85

State University Response to the 1984-85 Governor's Budget

California State University Chancellor W. Ann Reynolds, in reviewing the Governor's Budget, commented:

The 1984-85 budget presented by Governor Deukmejian to the Legislature today is the most positive funding proposal for The California State University in several years. It would mark an important turning point by reversing erosions which have occurred in our programs in recent years.

This allocation will make it possible for the CSU to regain some of its potential in conducting needed educational services for California.

. . . .

Although our entire request has not been funded, allocations proposed in the Governor's Budget for support and capital outlay, and the provision for compensation increases, are a major step toward meeting the needs of the system. It is heartening to know that California is giving a high priority to the quality of higher education.

CALIFORNIA COMMUNITY COLLEGES

The Governor's Budget proposes \$1.507 billion for apportionment support of Community College district operations in 1984-85 (Table 11, page 23) and an additional \$67 million (an increase of 51 percent) for the support of State operations and categorical programs (Table 12, page 25).

The Fee and Funding Compromise

Proposed funding for Community College apportionments must be viewed in the context of 1983-84 funding levels which were finally determined in late January with the adoption of a fee and funding package. In his 1983-84 budget, Governor Deukmejian proposed that Community Colleges be funded at 1982-83 levels and that a statewide mandatory fee be introduced, with approximately \$108 million in fee revenues used to offset a like amount of General Fund support. The Legislature rejected this proposal, replaced the \$108 million with State General Funds, and increased Community College funding an additional \$124 million over 1982-83 levels to \$232 million. The Governor then vetoed the Legislature's entire augmentation, leaving the Community Colleges with 7 percent less funding than in 1982-83.

In an attempt to restore at least some of this funding, the Legislature and the Governor undertook negotiations that by last September nearly resulted in an agreement to restore 1983-84 funding and to establish a statewide fee. The Senate approved this proposal, but the Assembly rejected it in the final days of the 1983 session. As a result, the Community Colleges started the fall term uncertain about current-year funding levels and with their ability to maintain educational programs threatened. At the same time, the Assembly established a Select Committee on Community Colleges to examine a number of fiscal and policy issues.

When the Legislature reconvened this January, discussions between the Legislature and the Governor about fees and funding levels were renewed, with general agreement that the Community Colleges were facing a crisis that required immediate attention.

The Governor's response to this crisis was a proposal in the 1984-85 budget for an immediate \$50 million augmentation in the current year. The Legislature's response was to adopt AB 470 (Chapter 3, Statutes of 1984), which fully restores the \$96.5 million required to bring Community College apportionment support to 1982-83 levels. The Governor indicated that without passage of legislation establishing a mandatory fee, he would reduce the \$96.5 million for 1983-84 contained in AB 470 to the \$50 million level he proposed for the current year. As a result, the Legislature adopted AB 1XX which, beginning in Fall 1985, provides for a statewide mandatory fee of \$100 per year for students enrolled for six or more units and \$5 per unit for students enrolled for fewer than six units.

The major elements of this two-part compromise were the following:

- AB 470 provides \$96.5 million in 1983-84 to restore State support of Community Colleges to 1982-83 levels.
- AB 1XX consolidates ten of the existing permissive fees which local Community College districts are now allowed to levy into a single mandatory fee of \$50;
 - provides \$15 million in financial aid to assure that the new fee will be offset for students with financial need;
 - authorizes fee waivers for students who receive public assistance benefits;
 - contains a three-year "sunset" clause which automatically rescinds fees at Community Colleges after January 1, 1988; and
 - protects Community Colleges against funding reductions from enrollment losses sustained in 1983-84.

The fee and financial aid provisions of AB 1XX are consistent with the Commission's 1982 recommendations for a fee and financial aid structure in the event that fees were mandated in the Community Colleges

Table 11 compares 1983-84 funding for apportionments at three stages:

- 1983-84 Budget Act (\$1.315 billion)
- 1984-85 Governor's Budget (\$1.365 billion)
- Actual appropriations under AB 470 (\$1.412 billion)

TABLE 11 Comparison of Community College Apportionments in 1983-84 and 1984-85, in Thousands

Source of Funds	1983-84			1984-85	
	<u>1983-84 Budget Act</u>	<u>1984-85 Governor's Budget</u>	<u>Actual Appro- priations (AB 470)</u>	<u>AB 1XX</u>	<u>1984-85 Governor's Budget</u>
State General Fund	\$ 919,500	\$ 969,500	\$1,016,000	\$ 958,500	\$ 958,500
Property Tax Revenues	392,000	392,000	392,000	450,000	450,000
State School Fund	3,900	3,900	3,900	3,900	3,900
Student Fee Revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>75,000</u>	<u>95,000</u>
Total	\$1,315,400	\$1,365,400	\$1,411,900	\$1,487,400	\$1,507,400

Source: 1984-85 Governor's Budget, AB 470, AB 1XX.

Table 11 also shows the 1984-85 funding under the provisions of:

- AB 1XX (\$1 487 billion)
- 1984-85 Governor's Budget (\$1.507 billion)

Although 1983-84 funding for the colleges is now known, the prospect for 1984-85 is less certain:

- The fee provisions of AB 1XX are estimated to produce \$20 million less in revenues than the fee proposal in the Governor's Budget. If apportionment support for Community Colleges is to reach the level in the 1984-85 budget, additional revenue from some other source will be required.
- Although not shown in Table 11, the fee provisions of AB 1XX substituted the new mandatory fee for ten existing fees which currently generate about \$20 million to fund non-State-supported activities, services, and materials. Because of the loss of that revenue, the overall net gain to districts for all purposes from AB 1XX will be approximately \$55 million.
- Part of the \$96.5 million to be provided in 1983-84 is to be financed from a \$28 million transfer of COFPHE fund reserves to the General Fund, but approximately half of that reserve, along with new tidelands oil revenues anticipated in the budget year, was proposed to be spent for 1984-85 capital outlay projects in all three segments, including \$26 million for the Community Colleges. Use of these COFPHE funds in 1983-84 for current operating expenses could reduce the Community Colleges' share of 1984-85 COFPHE revenues to \$13 million, if the University's and State University's shares of COFPHE revenues are maintained

These and other related 1984-85 funding issues will be addressed during the regular budget review process.

State Operations and Categorical Programs

Table 12 on page 25 shows a 51 percent increase in overall State General support for State operations of the Community Colleges. Although this increase appears substantial, it is explained by two major actions:

- A \$10 million augmentation to the EOPS budget for financial aid to offset the Governor's proposed fee increase (AB 1XX actually provides \$15 million for this purpose).
- A shift of \$4 million in COFPHE fund support for deferred maintenance to State General Fund support, plus an additional \$4 million in State support for this purpose.

**TABLE 12 California Community Colleges, 1984-85 Proposed
Budget Act Appropriations for State Operations**

State Fund	1983-84 Current Budget	1984-85 Governor's Budget
Support for State Operations		
Special Services and Operations		
EOPS (including \$10 million for financial aid)	\$24,691,000	\$35,663,000
Disabled Students	\$18,396,000	\$22,534,000
Deferred Maintenance	N/A	\$ 8,000,000
Other Programs and Services	\$ 828,000	\$ 853,000
Chancellor's Office, Board of Governors	\$ 2,107	\$ 2,442
Total	\$46,022,000	\$69,492,000 (50.9%)

Source: 1984-85 Budget Act (SB 1378) and 1984-85 Governor's Budget.

The 1984-85 budget also calls for a 3 percent cost-of-living adjustment for EOP/S and for programs for students with disabilities.

Capital Outlay

Capital outlay funding for the Community Colleges in the 1984-85 Governor's Budget totals more than \$30 million (Table 13, p. 26); however, the necessity to use the balance of 1983-84 COFPHE Funds to fund the 1983-84 support budget will reduce the availability of these funds in 1984-85 by \$14 million. As it appeared in January, the Governor's Budget includes \$21.7 million to improve and expand facilities at campuses including permanent buildings for Mendocino Community College and the Orange/Canyon campus of Rancho Santiago District, site preparation for the Lake Tahoe College, and the Occupational Education Building at Oxnard College. \$3.1 million will be spent for elimination of architectural barriers to the handicapped at various campuses and half a million dollars for library books at two libraries. An additional three quarters of a million dollars will be utilized for planning and working drawings at Lake Tahoe College, Oxnard and Imperial Valley Colleges. State-supported capital outlay funding for Community Colleges is supported through the Capital Outlay Fund for Public Higher Education and local districts are required to provide matching funds in order to be eligible for funding.

**TABLE 13 California Community Colleges Capital Outlay
Program, 1984-85**

Major Source of Funds	1984-85 Governor's Budget
Capital Outlay Fund for Public Higher Education	\$26,704,000
District Funds ^a	<u>\$ 3,385,000</u>
TOTAL	\$30,089,000

a. The amount required for matching under current State Law.

Response by the Community Colleges to the 1984-85 Governor's Budget

In commenting on the 1984-85 Governor's Budget, Chancellor Gerald C. Hayward indicated that:

Certain features of the Budget look good. The additional dollars for deferred maintenance and for capital outlay will do a lot to repair the Colleges' deteriorating facilities and equipment.

The real story on community college funding, however, continues to be the negotiations on the 1983-84 funding solution.

Reacting to the passage of the fee/funding compromise, Chancellor Hayward observed that he was "relieved that the funding issue was over before the dispute had more catastrophic results" on the Community Colleges. "We need to turn our efforts to the mission of the colleges and to a more stable funding system."

CALIFORNIA STUDENT AID COMMISSION

The Governor's Budget provides total General Fund expenditures of \$90 million for Student Aid Commission programs -- an 11.3 percent increase over the 1983-84 level of \$81 million (Tables 14 and 15). Increases in both the number and maximum level of awards are provided for the Cal Grant, Graduate Fellowship, and Bilingual Teacher Grant programs. These increases represent the first increases in the number of awards since 1975-76 and the first augmentation to maximum awards since 1981-82; and they constitute the first installment of a three-year plan proposed by the Governor to "improve educational opportunities in California."

In Spring 1983 and again in Fall 1983, the California Postsecondary Education Commission, the three public segments, independent colleges, and the Student Aid Commission identified the two immediate overriding issues in State student aid as (1) the precipitous decline in the number of new Cal Grant

TABLE 14 *Number and Amount of State-Supported Student Financial Aid Awards by Program*

Program	<u>1983-84</u>	<u>1984-85</u>
Scholarships (Cal Grant A)		
Number	40,136	42,661
Amount	\$55,480	\$62,520
Average Grant	\$ 1,397	\$ 1,466
College Opportunity Grants (Cal Grant B)		
Number	20,277	20,731
Amount	\$22,752	\$26,014
Average Grant	\$ 1,122	\$ 1,255
Occupational Education and Training Grants (Cal Grant C)		
Number	2,226	2,309
Amount	\$ 2,535	\$ 2,746
Average Grant	\$ 1,139	\$ 1,189
Graduate Fellowships:		
Number	721	749
Amount	\$ 2,535	\$ 2,721
Average Grant	\$ 3,534	\$ 3,633
Bilingual Teacher Grants:		
Number	932	1,018
Amount	\$ 2,497	\$ 2,786
Average Grant	\$ 2,679	\$ 2,737

Source: 1984-85 Governor's Budget

awards received by students in independent colleges, and (2) the failure of Cal Grant awards to be adjusted to reflect fee increases in recent years. The group recommended that, at a minimum, 900 new Cal Grant A awards be provided and targeted to independent college students and that both Cal Grant A and B awards be increased to fully fund fees at the University and State University and to partially fund fee increases since 1981-82 at independent institutions.

The Governor's Budget does both more and less than this recommendation. It provides more Cal Grant A awards, without targeting them to students in any segment, and also adds awards in all of the other Student Aid Commission programs. On the other hand, it increases the size of awards in all programs between 6 and 10 percent, compared to the minimum 12 percent increase in the Cal Grant A and B programs alone that was implicit in the joint agreement.

TABLE 15 *California Student Aid Commission Support for Current Operations and Grants*

State Funds	1983-84 Current Budget	1984-85 Governor's Budget
STATE GENERAL FUNDS		
Administration and Grants*	\$81,077,000	\$ 90,316,000 (+11.3%)
ALL FUND SOURCES		
Cal Grant Programs	\$83,988,000	\$ 94,946,000 (+13%)
Graduate Fellowships	\$ 2,734,000	\$ 2,929,000 (+7.1%)
Bilingual Teacher Grants	\$ 2,958,000	\$ 3,282,000 (+10.9%)
All Other Programs	\$ 787,000	\$ 829,000 (+5.3%)
TOTAL, All State-Supported Programs	\$90,467,000	\$101,986,000 (12.7%)
Student Loan Programs**	\$ 4,880,000	\$ 8,144,000 (+66.8%)
TOTAL, All Programs	\$95,347,000	\$110,130,000 (15.5%)

*Includes cost-of-living increases for current fiscal year and 1984-85.

**Payable from the State Guaranteed Loan Reserve Fund.

Source: 1984-85 Governor's Budget.

OTHER AGENCIES AND INSTITUTIONS OF POSTSECONDARY EDUCATION

The budget's increased spending commitment to the three public segments of higher education and the Student Aid Commission in California is replicated in greater support for the postsecondary education institutions and agencies outside of these systems (Table 16):

Hastings College of the Law would receive a \$2.8 million increase, representing a 41.4 percent gain over 1983-84 levels. Included in this increase are:

- A buy-out through State funding of the Legal Education Opportunity Program student grants previously supported through student fees. This will require a \$277,000 increase in General Fund expenditures and allow student fees to be reduced by \$185 per student per year.
- A \$248,000 augmentation for Law Library Collection and Development and Technical services.
- A \$211,000 increase for support of increased faculty salary levels not previously supported through State funding.

The California Maritime Academy would receive an 18.4 percent funding increase, both to establish a continuing education reserve fund and to rehabilitate the Academy's main pier.

Apportionments to K-12 adult schools, which are administered through the Department of Education, would be increased by 2.4 percent to reflect enrollment growth and by 3 percent for inflation.

TABLE 16 *Summary of State General Funds for Current Operations of Other Agencies and Institutions of Postsecondary Education*

Agency or Institution	1984-84	1984-85
	Current Budget	Governor's Budget
Hastings College of the Law	\$ 6,836,000	\$ 9,669,000 (+41.4%)
California Maritime Academy	\$ 3,809,000	\$ 4,510,000 (+18.4%)
Apportionments to K-12 Adult Schools	\$159,993,000	\$163,956,000 (+2.4%)
California Postsecondary Education Commission	\$ 2,466,000	\$ 2,740,000 (+10.7%)
TOTAL, Agencies and Institutions of Postsecondary Education	\$173,104,000	\$180,875,000 (4.4%)

Source: Governor's Budget, 1984-85.

The California Postsecondary Education Commission's budget would be increased by 10.7 percent to partially support the purchase of an office automation network.

THREE

CONCLUSION

The 1984-85 Governor's Budget sends a clear signal to the campuses, to the people of California, and to the nation at large that the State's universities and colleges are once again a priority. The budget is a significant step in returning postsecondary education in California to its former preeminence.

A single year's budget, however, cannot undo the damage of several years of inadequate funding, and several critical policy issues remain, which are not -- indeed, could not be -- resolved in the 1984-85 Governor's Budget. But the budget does provide the support and stability necessary to achieve current educational objectives. Equally important, it establishes an opportunity and time for careful planning and attention to emerging policy issues.

MEMORANDUM

On March 12, 1984, the California Postsecondary Education Commission's Ad Hoc Committee on Community College Transfer will take testimony in Sacramento from officials of the three public segments of California postsecondary education and the Association of Independent California Colleges and Universities.

At its April 30, 1984, meeting, the committee will receive testimony in Sacramento from any other interested parties who have information about the transfer issue that may be of interest and benefit to the committee.

All individuals and organizations concerned with this issue are cordially invited to attend the March 12 meeting to hear the testimony and the deliberations of the committee, and to call Dr. Dorothy Knoell at (916) 322-8015 if they are interested in testifying at the April 30 meeting.

The committee also welcomes written comments, which may be addressed to Dr. Knoell at the Commission's offices. The prospectus for the work of the committee is attached.


Patrick M. Callan
Director

A PROSPECTUS FOR INQUIRING INTO THE COMMUNITY COLLEGE TRANSFER FUNCTION

PURPOSES

The purposes of the project are to assess the health of the Community College transfer function as conceived in the 1960 Master Plan for Higher Education in California, to examine policy issues and problems related to transfer, and to make recommendations for changes in policies and practices to improve the flow of students through baccalaureate degree programs.

OUTLINE OF WORK

Work on the project will be organized into three major phases which correspond to the Commission Committee's meeting schedule.

Phase 1 (January 1984)

This phase will include review and approval of the proposed prospectus as the agenda for the Committee through June 1984, together with a review of both historic and current quantitative information about Community College transfer which is available from Commission reports and data tapes, supplemented by information which the segments will be asked to provide, in the following areas: (1) flow of students from high school into California colleges and universities, (2) academic characteristics and interests of Community College students, (3) flow of transfer students from Community Colleges to four-year institutions in California, (4) persistence and performance of Community College students after transfer, and (5) awarding of baccalaureate degrees to Community College transfer students. Among the documents to be reviewed are those listed in the bibliography at the end of this prospectus.

Phase 2 (February-March 1984)

The second phase will focus on setting the context for framing public policy issues regarding transfer. Commission staff will analyze provisions of the 1960 Master Plan and legislative enactments since the Master Plan relating to access, admissions, the division of responsibility among the three public segments for accommodating first-time freshmen with baccalaureate degree goals, and provisions for transfer from Community Colleges to the University of California and the California State University.

Staff in the University and the State University will be asked to describe their systemwide policies and practices regarding admission requirements, priorities in admission and the accommodation of Community College transfer students, and the articulation of programs and courses, together with changes that may be expected in these policies and practices over the next five to ten years. Campuses which are the major "receiver" institutions for Community

College students may be invited to address the Committee on the subject of variations among campuses with respect to admission priorities and articulation agreements.

Staff in the Community College Chancellor's Office will also be asked to present its perspective on transfer problems and issues, with additional testimony from staff in the Community Colleges. During this same period, independent California colleges and universities which are enrolling Community College transfer students or who are interested in doing so will be invited to present testimony to the Committee.

Phase 3 (March-April 1984)

This third phase will consist of framing the issues that emerge from the previous phases. It will involve looking at (1) different perceptions of how well the Master Plan recommendations have worked, where they have not worked, and where they may not work under present or future conditions; (2) levels of institutional and segmental commitment to past legislative enactments relating to access and priorities in admission; (3) unresolved issues and problems from past reports on increasing the rate and retention of Community College transfer students, particularly from disadvantaged groups; and (4) issues specific to student affirmative action goals. Proposals to revise or provide alternatives to present policies and practices will be solicited from the segments and other interested parties which offer promise of resolving problems and issues.

The final meeting of the Committee will be used to review and approve the report of the inquiry, with particular attention to the public policy issues, recommendations for change, and appropriate vehicles and agencies for securing such change.

The Commission will be asked to approve the report at its June meeting.

LIMITATIONS IN THE SCOPE OF THE PROJECT

While recognizing the heavy flow into the Community Colleges of students with previous credit from four-year colleges and universities, the project will be limited in scope to the flow of students from high school into Community Colleges and thence to the other segments of higher education.

No major new empirical data will be collected or research undertaken during the project because of time constraints, although recommendations for further research and data collection may emerge from the project.

RESOURCES

The project will be assigned to a special ad hoc Commission committee appointed by the Commission Chairperson. Commission staff will prepare agenda materials for consideration by the Committee, with the advice of an intersegmental advisory committee. Staff will also work with the segments through the Advisory Committee to arrange for testimony to the Committee, particularly in Phases 2 and 3. Input from the Student Advisory Committee to the Commission will be sought in all phases.

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